

Foreword

This book is a collection of studies on the integration paths of those ten Central and Eastern European member states of the European Union, that joined the EU in 2004 and 2007 respectively (i.e. the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, as well as Bulgaria and Romania). Their experiences are analysed from different angles.

This region has a common historical and cultural heritage and is often considered as a separate or homogeneous group. Furthermore these countries have been called “new member states” following the Eastern enlargement of the EU. In our opinion, enough time has passed already to abandon this expression, and the novelty of the enlargement has faded. Therefore in this book we refer to this region as the “EU10”.

The enlargement of the EU in 2004 was a historical step because of the large number of countries acceding at one time, and because of the entry conditions being different from the previous enlargements. It is difficult to evaluate the effects of EU membership during the past decade due to the fact that the global crisis broke out just in the middle of this period, and exerted a serious impact on the economic development of all the member states including the EU10. In this volume we provide a kind of snapshot on the present situation and a description of the trends leading here. The overall picture underpins the fact that this region is far from being homogeneous. At the same time, beyond heterogeneity, there are also converging trends of certain macroeconomic indicators (such as growth rates, inflation, current account balances or public finance trends) in the post-crisis period. The region also faces many shared challenges (e.g. emigration of labour, integration into the common agricultural policy or the development of human resources) that are extensively treated by the authors too.

The first introductory pages by *Margit Rácz* elaborate some thoughts on the adhesion circumstances, the crisis and their consequences for the region. The study by *Krisztina Vida* starts with the legal and institutional aspects of integration and then goes on analysing the development of the most important macroeconomic trends including GDP growth, catching up, competitiveness and public finances. Her paper sheds light on the clear differences between the more divergent post-accession and pre-crisis developments of the EU10 and highlights an unfolding convergence of many key macroeconomic indicators in the past few years. In the following pages, written by *Norbert Szijártó*, especially the monetary policy features and financial integration of the EU10 are in focus. The choice of appropriate exchange rate regime, as well as the introduction of inflation targeting in larger EU10 countries contributed to successful disinflationary process in the region. Even though transition has passed and foreign participation is higher in EU10 banking system than in other emerging regions, financial markets are still less integrated than those in old euro area countries.

The study of *Andrea Éltető* concentrates on the changes in the dynamics and structure of foreign trade of the EU10. Geographical orientation, concentration and most traded products are analysed providing evidence for the different inclusion patterns of these countries into the global value chains. *Miklós Somai* writes about the agricultural sector in the EU10 region and states that the heterogeneous development since the accession is partly due to the general social and economic framework in the given country that can help or hamper the

development and modernisation of agriculture. Another selected sector that determines economic development in several EU10 members is the automotive industry. *Gábor Túry* shows the structural characteristics of this industry and highlights the differences between production patterns in EU10 countries.

The availability of qualified human capital has been traditionally an important value of the EU10 region. Employment trends and labour market developments are monitored by the study of *Annamária Artner*. It is shown that labour market and social improvements in the region were broken by the crisis in 2008, nevertheless, a tangible wage convergence took place among the most and least developed members of the EU. In his paper *István Kőrösi* illustrates that the utilization of human capital is far from being satisfactory; research and development expenditures are still low and in most cases the educational system suffers from lack of resources and proper development strategy. Free movement of labour within the EU opens up new opportunities, but emigration from the EU10 countries has not always contributed to a more efficient utilization of the available human capital of these countries. The study of *Klára Fóti* focuses on this topic and analyses the consequences of intra-EU mobility for the labour force and the sending countries.

The virtue of this book is that all the ten countries are evaluated in every chapter, thereby providing an overall comparative view. We recommend this volume for all researchers, professors, students, as well as for policy-makers who are interested in the development of the Central and Eastern European economies as members of the European Union.

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editor